

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

BSE Beef Import Risk Assessments underway; ETS delayed for at least 3 years; Locust threat; Beef Grading Agreement Opens Way for Increased Beef Exports to Chile; The Australian Sugar Industry in the process of strong recovery; Cotton crops increased following drought conditions; Strong Australian dollar, lower world prices reduce returns for Australian winter cereal crops.

BSE Beef Import Risk Assessments underway

Biosecurity Australia (BA) commenced three separate Import Risk Analyses (IRA's) in April assessing the quarantine and health risks of applications to import beef from the United States, Canada and Japan. These countries had applied for market access on March 1 this year, following a lifting on the restrictions on beef imports from countries which have detected bovine spongiform encephalopathy (BSE).

A more stringent IRA process was imposed by the Australian Government last month to help safeguard public confidence in Australian beef production and the country's quarantine system following public pressure over the decision to lift these restrictions.

The IRAs form a separate and parallel process to that being conducted by Food Standards Australia New Zealand (FSANZ) to assess potential food safety risks from beef from countries that have previously had outbreaks of BSE.

As part of the IRA process, BA scientists will visit the applicant countries alongside FSANZ to assess relevant issues. An independent eminent scientists group will review each IRA within the two-year timeframe. (Source: [Farm Online](#))

On May 10, BA announced that it had 'stopped-the-clock' on the Japanese application because of the foot and Mouth disease outbreak in that country (for further information see [BA Advice 2010/13](#))

ETS delayed for at least 3 years

The Australian Government has taken its emissions trading scheme off the agenda deciding not to start the scheme before 2013 at the earliest. The government is hoping that by then it will have gained support from the Coalition and international efforts to combat climate change will have become clearer. The Coalition leadership coup shattered the bipartisan deal on the carbon pollution reduction scheme last December.

The Government insists it still believes an ETS is the best way to reduce emissions but cites domestic and international pressures as making it impossible to introduce in the short term. The scheme had been due to begin with a carbon tax next year, moving to full trading in 2012. The Prime Minister, Kevin Rudd, maintained his theoretical support for the ETS, saying "on the question of climate change policy our policy hasn't changed. We maintain our position that this is part of the most efficient and the most effective means by which we can reduce greenhouse gas emissions with least cost to the economy." (Source: [Farm Online](#))

Locust threat

Throughout areas in the states of New South Wales, Queensland, Victoria and South Australia large numbers of locusts are invading pockets and moving daily.

Drought suppressed insect numbers in recent years but heavy summer rain followed by extensive flooding turned locust breeding grounds in western and central NSW, the Riverina, northern South Australia and south-western Queensland and north-western Victoria into massive lush, green incubators. Temperatures of 18°C (64 °F) or less affects migrating insects as they tend not to fly in cooler temperatures.

The insects have already claimed casualties, with the isolated paddocks of canola eaten off but are generally showing a preference for better developed old-crop cereal volunteers, than for new-crop cereals, which will be better equipped to rebound from the insect grazing. Records need to be taken when locusts were laying eggs so preparation could be made for the spring hatch. (Source: [Farm Online](#))

Beef Grading Agreement Opens way for increased beef exports to Chile

A new international agreement between Australia and Chile has removed one of the largest barriers facing Australian beef exports to Chile – the cost of employing Chilean beef graders. A Memorandum of Understanding (MoU) has been signed between the two countries under which Chile will recognize Australia's beef grading scheme.

The Australian meat industry exported A\$63 million of beef products to Chile last financial year, representing 92 per cent of total agricultural export revenue earned from Chile. (For further information see *Attaché Report* [Beef Grading Agreement](#))

The Australian Sugar Industry in the process of strong recovery.

Following years of poor profitability and declining production the Australian Sugar industry appears to be in the process of a strong recovery. High prices, combined with improved seasonal conditions, have seen sugar cane return to land previously deemed unprofitable for cane production. Total area planted to sugar cane in 2010/11 is forecast to increase sharply representing the first significant increase in area planted to cane since 2006/07 and the largest percentage increase for over a decade. (For further information see *Attaché Report* [Sugar Annual 2010](#))

Cotton crops increased following drought conditions.

A significant increase is forecast in planted area, production and exports for the 2010/11 cotton crop as the industry recovers following long-running and severe drought conditions. Cotton returns will likely outperform returns for grain as grain prices have fallen significantly in 2009/10 and are not expected to compete with cotton. (For further information see *Attaché Report* [Cotton and Products Annual](#))

Strong Australian dollar, lower world prices reduce returns for Australian winter cereal crops

The majority of key cropping areas in Southern Australia have received excellent rainfall. However, poor timing has diminished its short term effect on crop production arriving too late to boost planted area for 2010/11 summer crops, and too early for 2011/12 summer crop planting. The strong Australian dollar, combined with generally lower world prices, has greatly reduced returns for winter cereals in the lead up to planting the 2010/11 crop. Area planted to wheat in CY 2010/11 is forecast at 13.0 million hectares, down six percent on the record 13.8 million hectares planted in the previous year. Total area sown to barley for 2010/11 is forecast at 4.2 million hectares, down on the 4.5 million hectares estimated for the previous year. (For further information see *Attaché Report* [Grain and Feed Annual](#))

Exchange Rate: Noon rate, May 14, 2010 US\$89.62 =AUS \$1

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<http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp>.

Title of Report	Date
Beef Grading Agreement Opens Way for Increased Beef Exports to Chile	05/05/10
Sugar Annual 2010	04/15/10
Cotton and Products Annual	03/29/10
Grain and Feed Annual	03/16/10
Wine Annual 2010	03/01/10
Livestock and Products Semi-annual 2010	03/01/10
Government announces Ag Research Initiative to Increase Productivity & Cut Carbon Emissions by 50 percent	02/18/10
Australian Container exports rise	02/02/10